

## CHAPTER-VIII: OTHER DEPARTMENTAL RECEIPTS

### 8.1 Results of audit

Test check of assessment and other connected documents pertaining to departmental receipts in the departments of Co operation, Energy, General Administration, Health & Family Welfare, Revenue and Steel & Mines during 2005-06 revealed non realisation of revenue, non/short levy of revenue etc of Rs.106.99 crore in 5,749 cases which may broadly be categorised as under:

(Rupees in crore)			
Sl. No.	Categories	No. of cases	Amount
1.	Review on <b>Recoveries under Orissa Public Demands Recovery Act.</b>	1	40.62
2.	Non realisation of revenue	2,300	20.15
3.	Non/short levy of revenue	16	8.49
4.	Other irregularities	3,432	37.73
<b>Total</b>		<b>5,749</b>	<b>106.99</b>

During the year 2005-06, the departments accepted non/short levy of revenue, non realisation of revenue etc. of Rs.41.23 crore in 2,109 cases pointed out in 2005-06 and Rs.0.32 crore was realised in one case pointed out in 2004-05.

A few illustrative cases highlighting important audit observations involving Rs.45 crore including a review “**Recoveries under Orissa Public Demands Recovery Act**” involving Rs.40.62 crore are discussed in the following paragraphs.

## **8.2 Review on “Recoveries under Orissa Public Demands Recovery Act”**

### **Highlights**

- ◆ **Government revenue amounting to Rs.99.77 crore was pending collection for more than one year in four departments.**

*{Para 8.2.6.1}*

- ◆ **Certificate case for Rs.22.46 crore were instituted by certificate officers in 13 districts, but no further action was taken for realisation of the amount.**

*{Para 8.2.9.1}*

- ◆ **Five certificate cases involving Rs.11.92 crore were pending disposal in departmental certificate courts for more than one year.**

*{Para 8.2.10}*

### **Introduction**

**8.2.1** The Orissa Public Demands Recovery Act, 1962 (OPDR Act) was enacted to consolidate and amend the laws relating to the recovery of public demands in the State. It was supported by the rules made thereunder and executive instructions (EI) issued by the Board of Revenue. Public demand means any arrear or money specified in Schedule-I of the Act. In respect of demand payable to the Collector no requisition is necessary. In respect of demand payable to a person other than the Collector, the requiring officer is required to submit a requisition in the prescribed form to the respective certificate officer. Certificate officer shall scrutinise the requisition received and initiate certificate case by serving a demand notice on the certificate debtor after satisfaction that the demand payable is due and recoverable. The recovery can be made by adopting any of the following methods.

- by attachment and sale, if necessary of any property or in the case of immovable property by sale without previous attachment, or
- by arresting the certificate debtor and detaining him in the civil prison, or
- by both methods mentioned as above,

Government in July and August 1999 prescribed the financial limit for filing certificate cases in various Courts as under:

Below the rank of sub collector	Up to Rs.10 lakh
Sub collector	Rs.10 lakh to Rs.25 lakh
Collector	Above Rs. 25 lakh
District level officers of industries department	Cases relating to Prime Minister's Rozgar Yojana (PMRY) from March 2003

### Organisational set up

**8.2.2** Member Board of Revenue is the administrative head of the department. As per delegation under the OPDR Act, he is assisted by three Revenue Divisional Commissioners (RDC) in initiation and disposal of OPDR cases. At the district level, collector is responsible to monitor recoveries under OPDR Act. He is assisted by Sub collectors and any other certificate officers appointed by him with the sanction of RDC to perform the function of certificate officer in addition to their normal duties.

Order of appeal passed by Additional District Magistrate (ADM), Collector and RDC can be revised by Collector, RDC and Board of Revenue respectively.

### Scope of audit

**8.2.3** The review of relevant records covering the period from 2000-01 to 2004-05 was conducted between June 2005 and April 2006 in Board of Revenue, three RDC Offices and 10<sup>1</sup> out of 30 Collectorates. Out of 422 certificate officers functioning in the State as ascertained from the Review Report of Board of Revenue, 141 Courts<sup>2</sup> falling under the jurisdiction of the 10 collectors were test checked and documents relating to institution and disposal of certificate cases under the OPDR Act were examined.

### Audit objective

**8.2.4** The review was conducted with a view to:

- ◆ assess and evaluate efficiency and effectiveness of revenue recovery by the certificate officers under the Act during the last five years i.e 2000-01 to 2004-05;
- ◆ examine the extent of delay in institution of certificate cases;
- ◆ assess the effectiveness of internal control mechanism to expedite the realisation process.

1 Bhadrak, Cuttack, Dhenkhal, Jajpur, Jharsuguda, Keonjhar, Khurda, Nayagarh, Puri and Sambalpur.

2 Collectors-10, sub collectors-19 and other Courts 112 (i.e Nizarat officers, revenue officers, special certificate officers, certificate officers, tahasildars, additional tahasildars, executive magistrates and officers in charge of criminal courts).

### Position of certificate cases

**8.2.5** A quarterly review report (QRR) on institution and disposal of certificate cases is sent by Board of Revenue to the Secretary, Government of Orissa, Revenue Department, Chief Secretary, Minister of Revenue and Private Secretary to Chief Minister.

As per the report, Rs.147.10 crore in 1.22 lakh cases was outstanding as on 31 March 2005 as detailed below.

Year	Opening Balance		Cases instituted		Total		Cases disposed off		Balance		Percentage of disposal to total cases	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2000-01	1,47,149	102.97	54,679	42.03	2,01,828	145.01	54,766	22.03	1,47,032	122.67	27	15
2001-02	1,45,919	135.93	87,341	40.92	2,33,260	176.85	88,321	23.09	1,44,939	153.76	38	13
2002-03	1,40,591	154.03	90,379	32.68	2,30,970	186.71	1,04,621	49.62	1,26,349	137.09	45	27
2003-04	1,26,349	137.09	74,969	39.48	2,01,318	176.57	80,956	29.31	1,20,362	147.26	40	17
2004-05	1,20,362	147.26	91,258	42.49	2,11,620	189.75	89,307	42.65	1,22,313	147.10	42	22
TOTAL			3,98,626	197.60			4,17,971	166.70				

**8.2.5.1** At the end of the year 2000-01 as the report indicated, 1,47,032 cases involving Rs.122.67 crore were outstanding for disposal. But 1,45,919 cases involving Rs.135.93 crore was taken as opening balance for the year 2001-02, resulting in a discrepancy of 1,113 cases (less) and Rs.13.26 crore (more). Similarly 1,44,939 cases involving Rs.153.76 crore were outstanding for disposal at the end of the year 2001-02, whereas 1,40,591 cases involving Rs.154.03 crore was taken as opening balance for 2002-03 resulting in discrepancy of 4,348 (less) cases and Rs.0.27 crore (more). There is a discrepancy of 30 cases and Rs.0.31 crore in computing year wise figure for the year 2000-01. The discrepancies were not reconciled (November 2006).

**8.2.5.2** The number of cases disposed during the period constituted 27 to 45 *per cent* of the cases pending for disposal, whereas the amount of cases disposed of ranged between 13.06 *per cent* and 26.58 *per cent*.

**8.2.5.3** Year wise break up of outstanding certificate cases was neither available with Board of Revenue nor with Collectorates.

**8.2.5.4** As per the QRR, the entire amount of Rs.166.70 crore involved in 4,17,971 cases disposed of during the years 2000-01 to 2004-05 was shown as collected while statements enclosed with QRR did not have any column on amount realised. The amount shown as collected is actually amount involved in cases disposed of as detailed below.

Out of 57 certificate courts test checked, 13 courts have no information about the amount recovered against disposal of 7,483 cases involving Rs.40.55 crore. Out of 7,931 cases involving Rs.93.46 crore disposed of by 44 revenue courts, 4,471 cases were disposed of with recovery of Rs.33.58 crore and 3,460 cases were disposed of without realisation of Rs.59.88 crore.

Thus the management information system (MIS) was not adequate enough to monitor the actual amount realised vis a vis the amount shown as disposed.

**Non requisition/delay in requisition for certificate cases by requiring officers**

**8.2.6** Public demands are watched through demand, collection and balance (DCB) register by the requiring officers who are responsible for collection of the arrears. As per the OPDR Act, all arrears due but not collected are to be covered under certificate case. No time limit has been fixed in the Act for initiation of certificate case.

**8.2.6.1** As per information collected from four departments, Rs.147.28 crore was outstanding, of which, Rs.99.77 crore was outstanding for more than one year. However, no action either to realise or to institute certificate cases were initiated against the defaulters. This resulted in non realisation of Rs.28.62 crore as detailed below:

( Rupees in crore )

Name of the Department	Under certificate case	Under court case	Under dispute	Under waiver proposal	Realisable dues	Total
Water Resources	--	62.81	--	--	10.00	72.81
Mines	2.11	1.04	2.33	1.82	5.41	12.71
G.A. Deptt.	0.03	--	--	--	7.63	7.66
Forest	1.01	--	--	--	5.58	6.59
<b>Total</b>	<b>3.15</b>	<b>63.85</b>	<b>2.33</b>	<b>1.82</b>	<b>28.62</b>	<b>99.77</b>

After this was pointed out Mining and GA (Rent) departments recovered Rs.3.96 crore<sup>3</sup> and initiated certificate cases for Rs.0.06 crore. However, they were silent about initiation of certificate case for the residual arrear of Rs.24.60 crore. Report on action taken by Water Resources and Forest departments had not been received (November 2006).

**8.2.6.2** The revenue inspector on the basis of tenant ledger maintained by him prepares a statement showing amount outstanding against the defaulters under his jurisdiction and forwards his report to the tahasildar. The tahasildar prepares DCB statement for the entire tahasil for onward submission to the collector. No requisition is required by Land Revenue Department to be submitted for initiation of certificate cases against the defaulters for realisation of these dues.

A scrutiny of DCB statement in respect of 63 out of 78 tahsils test checked between November and December 2005 revealed that arrear of revenue as on 1 April 2004 stood at Rs.20.55 crore. An amount of Rs.5.31 crore was realised during 2004-05. Though outstanding arrear of Rs.15.24 crore was liable to be covered under certificates, only Rs.6.46 crore was covered under certificate cases. Thus there was uncovered arrear of Rs.8.78 crore.

3 Mining – Rs.1.95 crore, Certificate Case recovery Rs.0.01 crore and GA (Rent) –Rs.2.00 crore  
Certificate case done Rs.0.06 crore.

After this was pointed out, the department stated that the concerned staff were instructed to realise the dues on personal contact and in event of their non realisation certificate cases would be lodged.

### **Doubtful realisation of certificate dues due to delay in filing requisition**

**8.2.7** When any public demand is payable to any person<sup>4</sup> other than the collector such person may send to the certificate officer a written requisition in the prescribed form. On receipt of requisition the certificate officer, if he is satisfied that the demand is recoverable and recovery by suit is not barred by law, may sign a certificate in the proper form and cause the certificate to be filed in his office.

Government sanctioned loans amounting to Rs.22.84 lakh between December 1985 and April 1993 to seven industrial units. These loans were disbursed between July 1987 and May 1994. Repayment of the loans was to start between July 1992 and May 1999 i.e after five years from the date of disbursement. In case of default, the units were liable to pay interest at rate of 11 *per cent* per annum as required under Industrial Policy Resolution (IPR) 1980.

During the course of audit it was noticed that none of the units paid any instalment of loan due between July 1992 and May 1999. No action was taken by the department to initiate certificate case till February 2003.

The General Manager, District Industries Centre (DIC), Bhubaneswar filed the requisition between February and October 2003. Certificate officer without ensuring existence of the units and assessing the possibility of recovery of the dues issued the certificates in November 2004 i.e after a lapse of one year. While serving notice the certificate officer (Sub collector, Bhubaneswar) noticed that four units were sold out, one unit was declared locked up, one unit was found to be non existent and one unit was seized by Orissa State Financial Corporation (OSFC). The matter was not taken up with the OSFC for settlement of the dues. The certificate officer did not take any coercive action against these industrial units. Thus due to delay in filing requisition and lack of proper watch over the activities of the loanees, the loanees closed down/disposed of the units and absconded without repaying the loans. This resulted in loss of Rs.54.93 lakh including interest of Rs.32.09 lakh. Since the cases were instituted against the Managing Director or General Manager of the concern by designation the cases would not have yielded any result after the closure of the unit.

After this was pointed out, the certificate officer replied that he was not at fault because the requisitions were filed late and by the time of serving notice the units were closed down/disposed of.

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<sup>4</sup> Other departments of Government except revenue department, public sector undertakings, municipality, NAC and banks.

### **Handling of certificate cases by improper Court**

**8.2.8** According to Government circular of July and August 1999 certificate cases exceeding Rs.25 lakh were to be filed and heard in the court of the collector and cases within Rs.10 lakh and Rs.25 lakh were to be filed and heard in the court of the sub collector.

Test check of records revealed that 22 cases involving Rs.16.36 crore were filed between 1993 and 2005 and dealt in 13 lower courts. Of these, 10 cases were already pending with six courts on the date of issue of the circular.

It was noticed that 14 cases of Rs.15.13 crore each involving more than Rs.25 lakh were required to be filed and heard in the court of respective eight collectors. However, these cases were filed and were pending with the court of revenue officer, tahasildar and sub collectors though these certificate cases should have been forwarded to their respective courts for final decision. In one case the sub collector dropped the certificate case involving Rs.58.95 lakh (including interest of Rs.29.47 lakh) stating that the amount was irrecoverable. Another certificate case involving Rs.48.16 lakh was dropped at the request of the requiring officer. The remaining 12 cases were pending with the lower courts.

Similarly eight cases of Rs.1.23 crore each involving Rs.10 lakh to Rs.25 lakh were required to be filed and heard in the court of respective sub collectors. However, these cases were filed and kept pending with the tahasildar and revenue officer without being transferred to the courts of respective sub collectors for final decision.

After this was pointed out in August 2005 two certificate officers transferred five cases involving Rs.3.77 crore to the designated courts, seven cases involving Rs.2.35 crore are yet to be transferred and no information was received for 10 cases involving Rs.10.24 crore (November 2006).

### **Non execution of certificates**

**8.2.9** According to Section-13 of the OPDR Act, the certificate officer may execute the certificate in the event of non payment of the dues by the certificate debtor after a lapse of 30 days of serving notice under section 6. In the event of denial of liability by the certificate debtor, the case is required to be heard by the certificate officer after taking evidence and the demand is to be determined. The certificate debtor has to pay the determined demand within 30 days of court order failing which the certificate would be executed.

Further as per Section 11 of the Act, a certificate may be executed by the certificate officer in whose court the case is originally filed or the certificate officer to whom the case is sent for execution.

**8.2.9.1** Scrutiny of records of 13 districts<sup>5</sup> relating to the period 2000-01 to 2004-05 revealed that in 1,847 out of 3,898 cases test checked, certificate cases were initiated between April 2000 and March 2005.

**(Rupees in crore)**

Sl No.	No. of offices	Period	No. of cases	Amount	Nature of irregularity
1	51	March 1992 to February 2005	1,125	12.74	Notices were issued between April 2000 and March 2005 followed by reminders.
2.	34	August 1992 to October 2005	225	1.61	Though attachment notices were issued between November 1983 and January 2006, no action was taken to attach the property, sale and recover the certificate amount due from the certificate debtor even after a lapse of three to 257 months.
3.	35	February 1986 to November 2004	494	2.92	Arrest warrants were issued between August 1994 and March 2005, but not executed at all.
4.	01	February 2003 to May 2003	03	5.19	Demand confirmed and retained for realisation.
<b>Total</b>				<b>22.46</b>	

Even though the stipulated period of 30 days had expired, no further action was taken to execute the certificate cases. After this was pointed out, the executive officers stated that necessary action to execute the cases would be initiated.

**8.2.9.2** Test check of 45 cases involving Rs.22.35 crore in three certificate courts revealed that in 26 cases demand for Rs.12 crore was determined and the cases were forwarded between September 1998 and November 2004 to other courts for execution. But the certificate dues were not realised nor the certificates were executed though four to 81 months have elapsed after confirmation of the dues. This resulted in non realisation of Government dues for Rs.12 crore.

### Delay in realisation due to locking up cases in appeal

**8.2.10** As per provisions of the OPDR Act, every collector, certificate officer, assistant collector, deputy collector, sub deputy collector acting under this Act shall have the powers of a civil court for the purpose of receiving evidence, administering oaths, enforcing the attendance of witnesses and compelling production of documents. Further judicial courts including the Hon'ble High Court of the State also decide the appeal cases.

Test check of records revealed that five certificate cases involving arrear of Rs.11.92 crore could not be realised due to non disposal of appeal cases by departmental certificate courts which were pending for one to three years.

**(Rupees in lakh)**

Certificate case No.	Certificate court	Certificate amount	Court in which lying	Date from which lying
55/85	Revenue Officer, Banki	0.70	ADM, Cuttack	7/1986
02/01	Collector, Jharsuguda	858.84	RDC (ND), Sambalpur	9/2002
01/01	Collector, Sundergarh	297.74	-do-	1/2003
02/02	Sub collector, Jeypore	0.92	ADM, Koraput	12/2004
02/04	Collector, Sundergarh	33.99	RDC (ND), Sambalpur	10/2004
<b>Total</b>		<b>1,192.19</b>		

<sup>5</sup> Angul, Bhadrak, Cuttack, Dhenkanal, Jajpur, Jharsuguda, Keonjhar, Khurda, Koraput, Nayagarh, Puri, Sambalpur and Sundergarh.



The cases pending in the departmental courts need to be pursued in the interest of revenue.

### Delay in remittance of collected certificate dues

**8.2.11** As per executive instruction 34(2) issued by the Board of Revenue, after the amount is recovered by the certificate officer it will be credited to the department on whose behalf the certificates were issued.

It was revealed in seven out of 19 sub collectorates test checked that an amount of Rs.28.64 lakh was not credited to respective departments on whose behalf the certificate dues were collected.

( Rupees in lakh )					
Sl. No	Name of the Sub collectorate	Period	Amount	Cash at Bank	Cash at chest
1.	Sambalpur	Accumulated amount up to July 2006.	42.71	42.30	0.41
2.	Athagarh	Accumulated amount up to February 2006.	4.41	--	4.41
3.	Anandpur	Accumulated amount up to March 2005.	2.84	--	2.84
4.	Dhenkhal	Accumulated up to March 2005.	2.54	--	2.54
5.	Kamakshyanagar	up to March 2000. 2001-02 204-05 2005-06 (upto 2/06)	0.17 0.01 0.17 0.04	--	0.39
6.	Khurda	Accumulated amount up to July 2006	1.13	--	1.13
7.	Bhubaneswar	Accumulated amount up to July 2006	16.92	--	16.92
<b>Total</b>					<b>28.64</b>

The position in respect of others could not be made available to audit.

After this was pointed out, the concerned sub collectors agreed to credit the amount to the respective departments at an early date (November 2006).

### Internal control and monitoring

**8.2.12** The OPDR Act, rules made thereunder and executive instructions (EI) issued by the Board of Revenue from time to time stipulated several measures for exercising effective internal control and monitoring of certificate cases. Audit revealed the following deficiencies in implementation of the control system.

- ◆ As per EI 25 and 80, registers of requisitions maintained by the requiring officer and the register of certificate for monitoring cases at the level of certificate officers are required to be compared at the end of each month. Audit scrutiny revealed that 50 certificate officers out of 141 test checked did not do so. As a result it could not be ascertained whether or not the certificate cases were being instituted timely.
- ◆ As per EI 22, the certificate officer is required to scrutinise the requisitions. Due to non maintenance of a register to record receipt of requisitions, conversion of the requisition into certificate could not be monitored. The information about pending requisitions was not available with any of the offices test checked.

- ◆ EI 87 and 88 provide for conducting weekly and half yearly inspection of certificate courts by the concerned certificate officer and annual inspection of certificate courts by the Collector/Additional District Magistrates. Such inspections were not carried out in any of the certificate offices test checked.
- ◆ The format of consolidated report did not provide for mentioning the actual amount realised on disposal. As a result the amount actually realised was not known to the Board of Revenue.

### **Conclusion**

**8.2.13** As on March 2005, total 1,22,313 cases were outstanding but age wise analysis of the outstanding cases was not available with the Board of Revenue and Collectors. This weakened monitoring of pending cases with likely risk of old cases becoming unrealisable. The requiring officers were not timely sending requisitions for certificates, thereby delaying process of realisation. The certificates were not being executed expeditiously on expiry of the notice period, thereby leading to uncertainty in realisation of dues. Despite downward trend in the overall position of pending certificate cases in the recent past which was mainly due to creation of more departmental courts to deal with arrears, the system still needs a lot of improvement in the area of monitoring disposal of certificate cases.

### **Recommendations**

**8.2.14** Management information system needs to be strengthened so as to reflect the actual collection of dues. Besides, periodical and age wise analysis of outstanding cases should be made and effective steps taken to dispose of old cases.

- ◆ Statutory inspection should be carried out regularly ensuring effective compliance by certificate courts.
- ◆ Steps should be taken to ensure expeditious execution of certificates wherever required.
- ◆ Suitable instructions may be issued to the requiring officers for prompt identification of arrear cases and issue of requisition for initiation of certificate cases.

### **Acknowledgement**

**8.2.15** Audit Review Committee (ARC) meeting was held in July 2006. All the points were discussed in the ARC meeting. The views of Government were taken into account while drafting the review.

### **8.3 Non levy of electricity duty and interest**

Under the Orissa Electricity Duty (OED) Act, 1961 as amended from time to time and rules made thereunder, electricity duty (ED) shall be collected by the licensee from the consumer and paid to Government on the energy supplied to the category of consumer specified therein. The Act further envisages that if ED collected from the consumer is not paid to Government within the prescribed period, the licensee shall be liable to pay interest at the rate of 18 *per cent* on the amount of duty remaining unpaid until the payment thereof.

Audit of CEI, Orissa, Bhubaneswar in October 2005, revealed that M/s GRID Corporation (GRIDCO) supplied emergency energy<sup>6</sup> of 8.69 crore units to four captive power plants of two<sup>7</sup> industrial consumers during the period from April 2000 to March 2004 but did not levy ED of Rs.2.17 crore for the said period. Besides, interest of Rs.1.15 crore was payable upto March 2005 due to non payment of ED.

After this was pointed out in October 2005, the CEI (T&D), Orissa stated in February 2006 that GRIDCO was asked to make payment of ED dues with interest. Accordingly GRIDCO had deposited ED of Rs.2.03 crore in January 2006 towards the emergency and backup power.

The matter was reported to Government in January 2006. Government in May 2006 confirmed the payment of Rs.2.03 crore by GRIDCO (November 2006).

### **8.4 Non realisation of electricity duty and interest**

Under the OED Act as amended from time to time and Rules made thereunder, ED shall be collected from the consumer and paid to Government. The Act further provides that where the amount of ED collected by a licensee from the consumer is not paid to Government within the prescribed period (30 days of expiry of the month in which the duty is collected), the licensee shall be liable to pay interest at the rate of 18 *per cent* per annum on the unpaid duty till the date of payment.

Test check of records of Electrical Inspector (EI), Berhampur in October 2005, revealed that during the period October 2001 to January 2003, the licensee, Nawarangpur Electrical Division of Southern Electricity Supply Company of Orissa Ltd. collected ED of Rs.48.84 lakh from the consumers but did not remit the same to Government account. Interest of Rs.23.86 lakh accrued thereon as of March 2005 due to non payment of the collected duty. Thus,

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6 Energy supplied to industries having captive power plant during non operation of captive power plant.

7 M/s. Indian Metal and Ferro Alloys and National Aluminum Company.

Government revenue of Rs.72.70 lakh towards ED and interest was irregularly kept out of Government account and remained unrealised.

After this was pointed out in October 2005, Government stated in May 2006 that the CEI (T&D) requested General Manager (GM) (Finance), SOUTHCO, Berhampur for early payment of entire amount. Report on recovery had not been received (November 2006).

### **8.5 Short levy of inspection fees**

Under the Indian Electricity Rules, 1956 and Government of Orissa, Department of Energy notification of 28 December 2001, extra high voltage lines are required to be inspected and tested by the inspector annually and inspection fees thereof are to be levied against GRID Corporation.

Test check of records of CEI (T&D), Orissa, Bhubaneswar in October 2005, revealed that the GRID Corporation was to pay an amount of Rs.3.96 lakh towards inspection fees for existing and new extra high tension lines for the year 2004-05. The CEI while raising the demand in January 2005 did not take into account the existing installations and raised demand for Rs.0.12 lakh only. This resulted in short levy of inspection fees for Rs.3.84 lakh.

After this was pointed out in October 2005, Government stated in June 2006 that demand of Rs.3.84 lakh had been raised. Further reply had not been received (November 2006).

### **8.6 Short realisation of inspection fees**

According to Government of Orissa, Department of Energy notification of December 2001, inspection fee of Rs.25 per TV connection is leviable on cable TV network effective from 29 March 2002 and the EI is required to levy such inspection fees.

During the audit of EI, Bhubaneswar, cross verification of records of the Superintendent (Service Tax) Bhubaneswar in March 2006 revealed that M/s. ORTEL Communication Ltd deposited service tax of Rs.1.26 crore collected from the viewers for the year 2004-05. The monthly fees for cable connection and service tax (eight *per cent*) thereon being Rs.215 per month, the rate of service tax per consumer is calculated at Rs.17.20. Thus number of average viewers are 61,294 and inspection fees payable for 2003-04 and 2004-05 amount to Rs.30.65 lakh at the rate of Rs.25 per connection. But during the period EI collected inspection fees of Rs.1.13 lakh on 2,250 customers only. This resulted in short realisation of inspection fee of Rs.29.52 lakh.

The matter was reported to Government in April 2006. Government stated in May 2006 that demand for Rs.31.40 lakh for the period 2003-04 and 2004-05 was raised against the consumer towards inspection fee and other charges taking into account the number of viewers as 56,160 and the assessee had paid an amount of Rs.4.28 lakh.

**Bhubaneswar**  
**The**

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**Accountant General (CW & RA)**  
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**Comptroller and Auditor General of India**